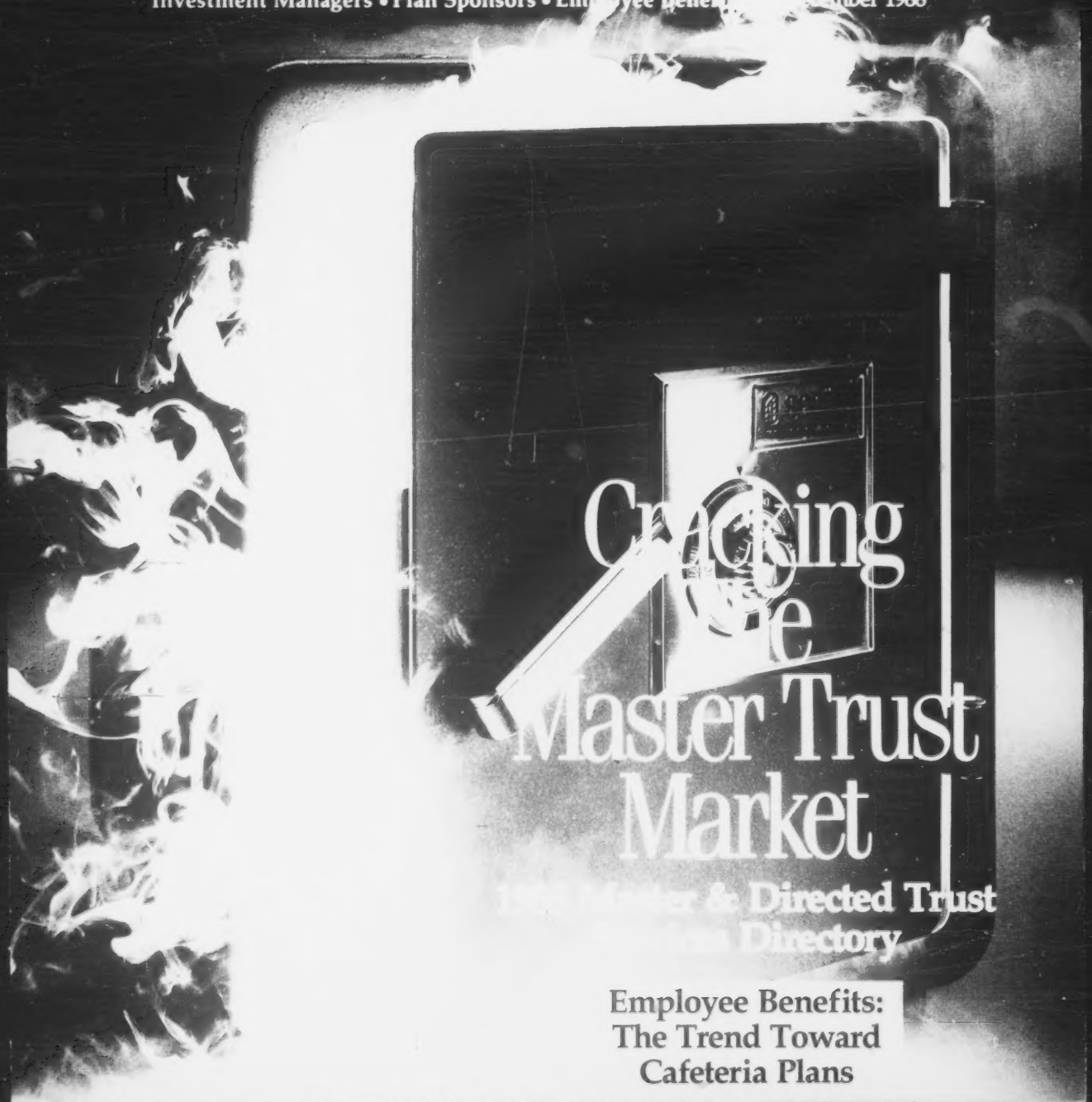
PENSION WORLD®

Investment Managers • Plan Sponsors • Emp[illegible]yee Benef[illegible]ember 1988



Cracking the Master Trust Market

[illegible] & Directed Trust
[illegible] Directory

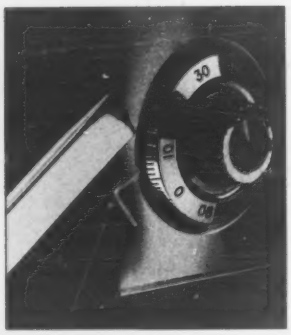
Employee Benefits:
The Trend Toward
Cafeteria Plans

Investment Managers
• Plan Sponsors •
Employee Benefits

A Publication Of
Communication Channels, Inc.

PENSION WORLD

December 1988
Volume 24 Number 12



About The Cover: Technology will play an important role in the master trust market in the future. Our cover story begins on page 30.

Photograph by Jerry Hoy, Double Vision Inc., Atlanta.

COLUMNS

Insights	8
New York Update	10
Washington Update	12
Investments	58
Plan Design	60
Benefits	64
Guest Viewpoint	66

DEPARTMENTS

Editor's Notes	6
World News	53
News Briefs	55
Calendar	56
Executive Suite	57

INVESTMENTS

Financial Futures Program Requires Accurate Data 14
By Kathleen McGrath
A futures investment's performance must be measured over time.

Undervalued Stocks Offer Opportunities For Investors 16
By Benjamin Brewster
Out of favor stocks often can be safe bets.

1988 Master & Directed Trust Services Directory 18
By PENSION WORLD Staff
This listing contains firms that offer master or directed trust services, as well as their policies for such services.

Cracking The Master Trust Market In The 1990s 30
By Thomas A. Szczesny
To benefit from technology, pension plans must understand relationships with master trusts and custodians.

Custodians Need To Address Global Investing Concerns 36
By Thomas J. Lucey
Settlement systems have been straining to meet the requirements of institutional investors.

Fidelity Investments: More Than Just Mutual Funds 38
By Karen Kutz
The firm's institutional products might eventually surpass its retail products in fame.

EMPLOYEE BENEFITS

PENSION WORLD Salutes Five Industry Leaders 42
By Steven E. Schanes
The leaders are the recipients of the magazine's Employee Benefit Awards for 1988.

The Trend Toward Cafeteria Plans 46
By David L. Brenneman
Flexible-benefit programs offer choices to employees.

Guidelines Offered For Automating Administration 51
By Donald B. Bishop
Automation can help administration run more efficiently.

VBPA

PENSION WORLD (ISSN #0098-1753) is published monthly by Communication Channels, Inc., Jerrold France, President; Lawrence Moores, Executive Vice President; Buford Bryant, Treasurer. Editorial and advertising offices at 6255 Barfield Road, Atlanta, GA 30328. Telephone (404) 256-9800. Telex 4611075COMCHANI. *PENSION WORLD* is a registered trademark of Communication Channels, Inc. © 1988 by Communication Channels, Inc. Second class postage paid at Atlanta, GA, and at additional mailing offices. Subscription rates: U.S., 1 year, $44; 2 years, $66; Canada and Mexico, 1 year, $48; Overseas Sea Mail, $64; Overseas Air Mail, $114. Single copies, $3.75. Group rates available. Directory copies: *PENSION WORLD* State Retirement Systems Survey (August), $9.95; *PENSION WORLD* Real Estate Portfolio Managers Directory (September), $9.95; *PENSION WORLD* Directory of Master and Directed Trust Services (December), $9.95; *PENSION WORLD* Software Products Directory (March), $14.95. The opinions expressed by authors and contributors to *PENSION WORLD* are not necessarily those of the editors or publisher. Articles appearing in *PENSION WORLD* may not be reproduced in whole or in part without the express permission of the publisher. Microfilm copies of *PENSION WORLD* are available from University Microfilms, 300 North Zeeb Road, Ann Arbor, MI 48106. Postmaster: Please send form 3579 to Circulation Department, *PENSION WORLD*, 6255 Barfield Road, Atlanta, GA 30328.

1988 Master And Directed Trust Services Directory

This directory lists firms that offer master or directed trust services, as well as their policies for such services.

The PENSION WORLD Directory of Master and Directed Trust Services is a listing of firms indicating that they offer master and/or directed trusts. This is not an exhaustive list, but rather an identification of firms that responded in full to the magazine's questionnaire on master and directed trusts.

Master trust is defined in many individual ways by the banks and trust companies that offer this service. A technical definition of a master trust, according to several industry authorities, is a trust in which multiple plans of the same company control or share investment experience under one trust document.

In working terms, however, some of the definitions of master trust include: an arrangement under one trust agreement that includes multiple money managers, one of which may or may not be the trustee; a pooling of one sponsor's assets, which may include multiple managers and one or more plans, under one trust document; or a pooling of directed trusts.

Similarly, several different definitions are given to the term directed trust. The general definition is a trust under which the trustee has less than full managerial authority of the plan sponsor's assets.

However, the term directed trust often is used synonymously with directed portfolio, in which a manager has the authority to direct only those investments within the particular portion of assets under his/her direct control. Also, the term directed trust is sometimes associated with general trust, in which a separate trust agreement is written for that portion of assets under the manager's control.

The figures in the following listings are not always comparable, although PENSION WORLD has taken precautions to present the data in its most accurate form. All information in the directory was provided by the banks and trust companies listed. PENSION WORLD assumes no responsibility for the accuracy of the information presented in the listings.

The information contained in the 1988 Directory of Master and Directed Trust Services was compiled by Barbara Katinsky, managing editor of the directory department, and Vanessa Brown, listings editor.

AMERICAN NATIONAL BANK
Fifth & Minnesota Streets
St. Paul, MN 55101
Contact: John P. Klett, VP, (612) 298-6004

Number of separate master trust clients: 0
Number of directed trust clients: 10
Master trust assets: 0
Directed trust assets: $70 million
Custodial employee benefit assets: 0
Total employee benefit assets: $150 million
Number of separate portfolios: 12
Average number of accounts per account supervisor: 125
Average number of portfolios per investment manager contact: 60
Accounting system utilized: Contractual settlement date
Fail float credit provided: No
Short-term instruments used: Money Market Fund, CD, GIC, Short Term Government, Commercial Paper, Repos
Date short-term interest credited: First business day following month end
Timeliness of reporting package: Within 10 business days
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement, index fund
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

AMERITRUST CO., N.A.
900 Euclid Ave.
Cleveland, OH 44101-0937
Contact: Gary W. Queen, Sr. VP, (216) 687-4089

Number of separate master trust clients: 45
Number of directed trust clients: 14
Master trust assets: $13.763 billion
Directed trust assets: $416 million
Custodial employee benefit assets: 0
Total employee benefit assets: $13.736 billion
Number of separate portfolios: 106
Average number of accounts per account supervisor: 12
Average number of portfolios per investment manager contact: 25
Accounting system utilized: Trade date (full accrual), contractual settlement date with pending adjustment, actual delivery date
Fail float credit provided: Yes
Short-term instruments used: STIF, variable demand notes, T-bills. commercial paper, Eurodollar CDs, CDs & financial reserves fund
Date short-term interest credited: Fifth business day
Timeliness of reporting package: 3-5 business days after month end
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, market inventory fund, TUCS, Ameriscan (on-line client inquiry), investment management services
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

BANCOKLAHOMA TRUST CO.
P.O. Box 2300
Tulsa, OK 74192
Contact: Jim Morris, VP & TO, (918) 588-6448

Number of separate master trust clients: 35
Number of directed trust clients: 84
Master trust assets: $731 million
Directed trust assets: $1.2 billion
Custodial employee benefit assets: $438 million
Total employee benefit assets: $1.6 billion
Number of separate portfolios: 120
Average number of accounts per account supervisor: 23
Average number of portfolios per investment manager contact: 17
Accounting system utilized: Trade date (full accrual), contractual settlement date with pending adjustment
Fail float credit provided: No
Short-term instruments used: Yes
Date short-term interest credited: First business day of the month
Timeliness of reporting package: 15 business days
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, market inventory fund
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

BANK IV WICHITA, N.A.
P.O. Box 4
Fourth Financial Center
Wichita, KS 67201-0004
Contact: Roger A. Ramseyer, Trust Marketing Mgr., (316) 261-4555

Number of separate master trust clients: 5
Number of directed trust clients: 70
Master trust assets: $92 million
Directed trust assets: $191.340 million
Custodial employee benefit assets: $380.269 million
Total employee benefit assets: $380.269 million
Number of separate portfolios: 70
Average number of accounts per account supervisor: 18
Average number of portfolios per investment manager contact: 18
Accounting system utilized: Trade date (full accrual), contractual settlement date with pending adjustment, contractual settlement date, actual delivery date
Fail float credit provided: Yes
Short-term instruments used: Shearson Temp Fund, Shearson Treasury Fund, Bank IV Money Market Fund
Date short-term interest credited: First of each month
Timeliness of reporting package: 15th of month
Services provided: Performance measurement, portfolio analysis, portfolio review, securities lending, ERISA disclosure assistance, benefit disbursement, direct access terminal for on-line account inquiry
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

THE BANK OF NEW YORK
48 Wall St.
New York, NY 10015
Contact: Roy Lanza, VP, (212) 495-1784

Number of separate master trust clients: 107
Number of directed trust clients: Included in the MT figures
Master trust assets: $43.684 billion
Directed trust assets: Included in the MT figures
Custodial employee benefit assets: $54.1 billion
Total employee benefit assets: $97.784 billion
Number of separate portfolios: 107
Average number of accounts per account supervisor: 10
Average number of portfolios per investment manager contact: 25
Accounting system utilized: Trade date (full accrual), actual delivery date
Fail float credit provided: Yes
Short-term instruments used: STIF portfolios, master notes, bank deposit reserves, direct investments, mutual funds, or any client-directed vehicle
Date short-term interest credited: Accrued daily, posted second business day of each month
Timeliness of reporting package: Next day through on-line, 3-5 business days in hard copy
Services provided: Performance measurement, portfolio analysis, portfolio review, securities lending, ERISA disclosure assistance, benefit disbursement, integrated global custody, and related services: various accountings, such as equitable accounting, tax lot, amortized cost; complete benefit payment services, on-line account access; PC-driven Report Enhancer; on site training; consulting
Policy for crediting dividends and interest: On payable date for domestic, as received — for foreign and private placements
Fee structure: Based on individual services performed

BANK ONE, DAYTON, N.A.
40 N. Main St.
Dayton, OH 45401
Contact: Donald G. Middendorf, VP, (513) 449-8659

Number of separate master trust clients: 9
Number of directed trust clients: 80
Master trust assets: $424 million
Directed trust assets: $450 million
Custodial employee benefit assets: Not Reported
Total employee benefit assets: $613 million
Number of separate portfolios: 170
Average number of accounts per account supervisor: 40
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Contractual settlement date with pending adjustment
Fail float credit provided: Yes
Short-term instruments used: STIF, T-bills, commerical paper, money market funds
Date short-term interest credited: Month end
Timeliness of reporting package: Five business days
Services provided: Performance measurement, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, market inventory fund, real estate fund, GIC fund, zero benefit disbursement, Sweep
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

BANKERS TRUST CO.
280 Park Ave., 8 West
New York, NY 10017
Contact: Frederik L. Bailey, VP, (212) 850-2037

Number of separate master trust clients: Not Reported
Number of directed trust clients: Not Reported
Master trust assets: $135.5 billion
Directed trust assets: $128.4 billion

Custodial employee benefit asset value: $35.5 billion
Total employee benefit asset value: $176.8 billion
Number of separate portfolios: Not Reported
Average number of accounts per account supervisor: Not Reported
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Trade date (full accrual), contractual settlement date with pending adjustment, with both contractual settlement date and trade date reporting
Fail float credit provided: Yes
Short-term instruments used: Directed STIF, STIF Plus, Super STIF, Welfare Plan STIF, Government Securities STIF, Governmental Plan STIF, and Common Trust Fund STIF (Non-ERISA assets)
Date short-term interest credited: On the last day of the month earned
Timeliness of reporting package: Monthly transaction reports are available in three business days; asset and liability reports, in 7 to 10 business days; and performance measurement reports in 15 business days. All of these reports are available on-line
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, market inventory fund, Global custody; on-line access through a PC-based workstation to accounting and performance data, and external data bases; customized reporting and graphics; discount brokerage and soft-dollar fee arrangements, Dividend Reinvestment Program, trade execution monitoring; Regional Trust Offices in Los Angeles, Houston, and London
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

BISHOP TRUST CO., LTD.
P.O. Box 2390
Honolulu, HI 96804-2390
Contact: Dan Zaehring, Sr. VP & Sr. TO, (808) 523-2275

Number of separate master trust clients: 60
Number of directed trust clients: 280
Master trust assets: $130 million
Directed trust assets: $270 million
Custodial employee benefit assets: $270 million
Total employee benefit assets: $390 million
Number of separate portfolios: 270
Average number of accounts per account supervisor: 18 master — 55 directed
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Contractual settlement date with pending adjustment
Fail float credit provided: No
Short-term instruments used: Registered money market funds, T-Bills, CDs, commercial paper
Date short-term interest credited: Accrued daily, paid on second working day
Timeliness of reporting package: Delivered 10 days after month end
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement, equity and income commingled investment funds, plan administration consulting and design
Policy for crediting dividends and interest: Pay date plus one with good funds
Fee structure: Based on combination of asset value and individual services

BOATMEN'S FIRST NATIONAL BANK OF KANSAS CITY
P.O. Box 419038
Kansas City, MO 64183
Contact: James K. Shineman, Sr. VP, (816) 234-7460

Number of separate master trust clients: 3
Number of directed trust clients: 125
Master trust assets: $68.674 million
Directed trust assets: $228.491 million
Custodial employee benefit asset value: $354.846 million
Total employee benefit asset value: $1.035 billion
Number of separate portfolios: 6
Average number of accounts per account supervisor: 120
Average number of portfolios per investment manager contact: 120
Accounting system utilized: Trade date (full accrual)
Fail float credit provided: No
Short-term instruments used: Not Reported
Date short-term interest credited: First business day of following month
Timeliness of reporting package: 10 business days
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement, non-qualified plans, cafeteria plans, collective investment funds
Policy for crediting dividends and interest: On date received
Fee structure: Based on combination of asset value and individual services

BOSTON SAFE DEPOSIT AND TRUST CO.
One Boston Place
Boston, MA 02108
Contact: John L. Carty, Sr VP, (617) 722-7314

Number of separate master trust clients: 47
Number of directed trust clients: 292
Master trust assets: $38.623 billion
Directed trust assets: $839.116 million
Custodial employee benefit assets: $75.996 billion
Total employee benefit assets: $115.5 billion
Number of separate portfolios: 1,163
Average number of accounts per account supervisor: 5
Average number of portfolios per investment manager contact: 5
Accounting system utilized: Trade date (full accrual), actual settlement date
Fail float credit provided: Yes, we distinguish between Clearinghouse and Fed Fund transactions. Cash to settle a purchase is not removed from an account until actually required for payment. This results in the cash remaining invested in the account until needed, thus eliminating the necessity for fail credits.
Short-term instruments used: Yes, Boston Safe maintains a short-term investment fund (STIF) designed specifically for the cash management needs of employee benefit trusts. It is managed prudently to provide minimum risk, maximum liquidity and competitive current returns. The fund is invested in Repurchase Agreements backed by U.S. Government guaranteed collateral, high grade commercial paper, Certificates of Deposit, Banker's Acceptances, and U. S. Treasury and Government Agency short-term obligations. Another short-term instrument is our Reserve Deposit Account (RDA) which is a deposit vehicle rather than an investment vehicle and was developed as an alternative to STIF, for use by institutional funds. RDA is a money market deposit account to which Boston Safe gives a floating rate of interest designed to be competitive with the returns earned by STIF.
Date short-term interest credited: Interest on our short-term funds is calculated and accrued daily and is credited on the third business day of the following month for STIF, and the first business day of the following month for RDA
Timeliness of reporting package: Three to five business days after month-end depending on reports requested
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index funds, market inventory fund, global custody, structured investment products, real estate, active management, on-line access capabilities, master work station, and consulting services
Policy for crediting dividends and interest: On payable date, interest and dividends are credited and available for investment on payable date in the case of federal fund payments or on the next business day following payable date for Clearinghouse payments
Fee structure: Fees are calculated on an individual basis and quoted based upon a determination of the expected costs for the delivery of services required by each client.

CALIFORNIA FIRST BANK (S270)
530 "B" St.
P.O. Box 109
San Diego, CA 92106
Contact: Piet Westerbeek III, VP, (619) 230-3303

Number of separate master trust clients: 4
Number of directed trust clients: 400
Master trust assets: $200 million
Directed trust assets: $500 million
Custodial employee benefit assets: $600 million
Total employee benefit assets: $1.6 billion
Number of separate portfolios: Not Reported
Average number of accounts per account supervisor: Not Reported
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Contractual settlement date
Fail float credit provided: No
Short-term instruments used: Short Investment Fund, four money market funds
Date short-term interest credited: Last day of the month
Timeliness of reporting package: 8-10 business days
Services provided: Performance measurement, participant recordkeeping, ERISA disclosure assistance, benefit disbursement, index fund
Policy for crediting dividends and interest: On payable date in clearinghouse funds
Fee structure: Based on combination of asset value and individual services

CENTERRE TRUST CO.
510 Locust St.
St. Louis, MO 63101
Contact: Richard W. Hibbs, Sr. VP, (314) 436-9265

Number of separate master trust clients: 10
Number of directed trust clients: 125
Master trust assets: $1.6 billion
Directed trust assets: $3.660 billion
Custodial employee benefit assets: $4.189 billion
Total employee benefit assets: $9.538 illion
Number of separate accounts: 290

Average number of accounts per account supervisor: 30 accounts for non-master trust administrator
Average number of portfolios per investment manager contact: 18
Accounting system utilized: Trade date (full accrual), contractual settlement date with pending adjustment (system able to support both)
Fail float credit provided: Yes
Short-term instruments used: In-house STIF and various other options such as Federated and Fidelity
Date short-term interest credited: First business day of every month
Timeliness of reporting package: 5-15 business days depending on report
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, portfolio insurance, global custody
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

THE CHASE MANHATTAN BANK, N.A.
1211 6th Ave., 30th Floor
New York, NY 10036
Contact: Hortensia E. Sampedro, VP, (212) 730-6116

Number of separate master trust clients: 122
Number of directed trust clients: 136
Master trust assets: $62 billion
Directed trust assets: $1 billion
Custodial employee benefit assets: $77 billion
Total employee benefit assets: $140 billion
Number of separate portfolios: 2,250
Average number of accounts per account supervisor: 10
Average number of portfolios per investment manager contact: 35
Accounting system utilized: Trade date (full accrual), contractual settlement date with pending adjustment, contractual settlement date
Fail float credit provided: Yes
Short-term instruments used: Domestic and international STIF, master notes, money market
Date short-term interest credited: Month-end
Timeliness of reporting package: On-line daily, monthly/quarterly hardcopy statements seven business days after period end, annual hardcopy statements 30-45 days after year-end
Services provided: Performance measurement, portfolio analysis, portfolio review, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, market inventory fund, on-line accounting and reporting, safekeeping, custody accounting, cash management, futures/options accounting, international securities lending
Policy for crediting dividends and interest: On payable date, interest in federal funds, dividends in clearinghouse funds
Fee structure: Based on combination of asset value and individual services

CITIBANK, N.A.
153 E. 53rd St.
New York, NY 10043
Contact: Wolfgang Strauss, VP, (212) 559-1523

Number of separate master trust clients: 34
Number of directed trust clients: 292
Master trust assets: $10.111 billion
Directed trust assets: $18.499 billion
Custodial employee benefit assets: $72.004 billion
Total employee benefit assets: $100.614 billion
Number of separate portfolios: 1,593
Average number of accounts per account supervisor: 6
Average number of portfolios per investment manager contact: 62
Accounting system utilized: Trade date (full accrual), contractual settlement date, actual delivery date
Fail float credit provided: Yes
Short-term instruments used: Liquid reserve fund, short term investment fund, landmark cash reserves, custom short term investment fund, money market deposit account, individual money market instruments
Date short-term interest credited: Mid-month and end of month
Timeliness of reporting package: 5-7 business days following receipt of all information
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, global custody, dividend reinvestment, flexible reporting-CITICORP Portfolio Analyst: Newbridge commission utilization; trustee services for deferred compensation plans (Rabbi Trust)
Policy for crediting dividends and interest: On payable date if paid in federal funds; payable date plus one if paid in clearinghouse funds; credited in good funds immediately available for reinvestment
Fee structure: Based on individual services performed

CITIZENS AND SOUTHERN TRUST CO.
35 North Ave., Suite 990
Atlanta, GA 30303
Contact: J. Dan Davis, VP, (404) 897-4905

Number of separate master trust clients: 51
Number of directed trust clients: 104
Master trust assets: $2.1 billion
Directed trust assets: $2.3 billion
Custodial employee benefit assets: $12.3 billion
Total employee benefit assets: $15.1 billion
Number of separate portfolios: Not Reported
Average number of accounts per account supervisor: 10-12
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Trade date (full accrual)
Fail float credit provided: Yes
Short-term instruments used: Various
Date short-term interest credited: Month end
Timeliness of reporting package: 10 to 20 days
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement, index fund, market inventory fund
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

THE CONNECTICUT BANK & TRUST CO., N.A.
One Constitution Plaza - MO8F
Hartford, CT 06115
Contact: Paul W. Stadler, VP, Mgr. Mktg. & SLS. (203) 244-5385

Number of separate master trust clients: 27
Number of directed trust clients: 144
Master trust assets: $1.214 billion
Directed trust assets: $801.247 million
Custodial employee benefit assets: $151.151 million
Total employee benefit assets: $2.166 billion
Number of separate portfolios: 311
Average number of accounts per account supervisor: 25 relationships with average of two plans per account
Average number of portfolios per investment manager contact: 27
Accounting system utilized: Contractual settlement date with pending adjustment
Fail float credit provided: Yes
Short-term instruments used: Commingled short term funds, repurchase agreements, variable interest rate notes, CDs, commercial paper, U.S. Governments
Date short-term interest credited: Monthly, last business day
Timeliness of reporting package: 2-20 business days, depending on type of report
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, South Africa Free Equity Fund, GIC Fund
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services.

THE CONNECTICUT NATIONAL BANK
777 Main St.
Hartford, CT 06115
Contact: Arnold P. Boecklin, VP, (203) 728-4420

Number of separate master trust clients: 25
Number of directed trust clients: 19
Master trust assets: $1.7 million
Directed trust assets: $550 million
Custodial employee benefit assets: $550 million
Total employee benefit assets: $4.6 billion
Number of separate portfolios: 168
Average number of accounts per account supervisor: 12
Average number of portfolios per investment manager contact: 10
Accounting system utilized: Trade date (full accrual) late 1988; early 1989
Fail float credit provided: No—available with new system
Short-term instruments used: U.S. government Agency, CDs, VANS, REPOS, Commercial Paper MGICs
Date short-term interest credited: Same day
Timeliness of reporting package: Four business days after month end
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement, index fund
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

CRESTAR BANK
919 E. Main St.
P.O. Box 26665
Richmond, VA 23261-6665
Contact: Henry T. Tucker Jr., Sr. VP, (804) 782-7405

Number of separate master trust clients: 8
Number of directed trust clients: 230
Master trust assets: $282.500 million
Directed trust assets: $631.770 million
Custodial employee benefit assets: $1.379 billion
Total employee benefit assets: $1.7 billion

Number of separate portfolios: 230
Average number of accounts per account supervisor: 70
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Trade date (full accrual)
Fail float credit provided: No
Short-term instruments used: Short term investment fund and various money market funds
Date short-term interest credited: Monthly, second business day
Timeliness of reporting package: Generally 7-10 business days
Services provided: Performance measurement, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

DOMINION TRUST CO.
213 S. Jefferson St.
P.O. Box 13327
Roanoke, VA 24040
Contact: Stephen A. Slovensky, VP, (703) 563-7857

Number of separate master trust clients: 1
Number of directed trust clients: 80
Master trust assets: $46 million
Directed trust assets: $210 million
Custodial employee benefit assets: $107 million
Total employee benefit assets: $363 million
Number of separate portfolios: 256
Average number of accounts per account supervisor: 25
Average number of portfolios per investment manager contact: 60
Accounting system utilized: Trade date (full accrual), contractual settlement date
Fail float credit provided: No
Short-term instruments used: Institutional liquid assets, treasury obligations portfolio, trust-funds liquid asset trust, treasury portfolio
Date short-term interest credited: First of month following
Timeliness of reporting package: By fifth business day following end of accounting period to investment managers; by 15th business day to client
Services provided: Portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement
Policy for crediting dividends and interest: Corporate issues — settlement date — clearinghouse funds; government issues — settlement date — federal funds
Fee structure: Based on combination of asset value and individual services

FIRST INTERSTATE BANK, LTD. INSTITUTIONAL TRUST
707 Wilshire Blvd.
Los Angeles, CA 90017
Contact: Terry Colberg, VP (213) 612-6656

Number of separate master trust clients: 32
Number of directed trust clients: 350
Master trust assets: $9 billion
Directed trust assets: $14.4 billion
Custodial employee benefit assets: Not Reported
Total employee benefit assets: $23.4 billion
Number of separate portfolios: 832
Average number of accounts per account supervisor: 3
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Trade date (full accrual) 3, Contractual settlement date with pending adjustment 821
Fail float credit provided: Yes
Short-term instruments used: 90 day treasury
Date short-term interest credited: Three business days
Timeliness of reporting package: 10 days after accounting period
Services provided: Participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

FIRST INTERSTATE BANK OF OREGON, N.A.
P.O. Box 2971
Portland, OR 97208
Contact: Peter M. Cullen, VP, (503) 225-2484

Number of separate master trust clients: 21
Number of directed trust clients: 51
Master trust assets: $5.251 billion
Directed trust assets: $479.632 million
Custodial employee benefit assets: $136.283 million
Total employee benefit assets: $5.981 billion
Number of separate portfolios: 139
Average number of accounts per account supervisor: 58
Average number of portfolios per investment manager contact: 2
Accounting system utilized: Trade date (full accrual), contractual settlement date with pending adjustment, contractual settlement date
Fail float credit provided: No
Short-term instruments used: Money market funds
Date short-term interest credited: Within three business days after end of the month
Timeliness of reporting package: Within five business days
Services provided: Performance measurement, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, on-line access, cash management, global custody, multi-currency accounting, options & futures processing, customized reporting
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

FIRST INTERSTATE BANK OF UTAH, N.A.
180 S. Main St.
P.O. Box 30169
Salt Lake City, UT 84142-1604
Contact: Rod R. Cushing, VP, (801) 350-7118

Number of separate master trust clients: 28
Number of directed trust clients: 46
Master trust assets: $163.500 million
Directed trust assets: $7.140 million
Custodial employee benefit assets: $294.920 million
Total employee benefit assets: $479.650 million
Number of separate portfolios: 68
Average number of accounts per account supervisor: 24
Average number of portfolios per investment manager contact: 23
Accounting system utilized: Contractual settlement date
Fail float credit provided: Yes
Short-term instruments used: Various short term investment funds, commercial paper and treasury bills
Date short-term interest credited: First business day monthly
Timeliness of reporting package: 5-10 business days
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement, index fund, plan design, IRS plan qualification, full income & expense accrual accounting, automated daily sweep of cash to STIF funds & on line computer access.
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

FIRST INTERSTATE BANK OF WASHINGTON
P.O. Box 21927
Seattle, WA 98111
Contact: Lawrence T. Divers, VP & Trust Officer, (206) 343-8346

Number of separate master trust clients: 1
Number of directed trust clients: 15
Master trust assets: $200 million
Directed trust assets: $300 million
Custodial employee benefit assets: $1.646 billion
Total employee benefit assets: $1.646 billion
Number of separate portfolios: 218
Average number of accounts per account supervisor: 82
Average number of portfolios per investment manager contact: 25
Accounting system utilized: Actual delivery date
Fail float credit provided: Yes
Short-term instruments used: In-house investment fund, Federated master trust
Date short-term interest credited: Monthly
Timeliness of reporting package: Monthly
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, benefit disbursement
Policy for crediting dividends and interest: On due date
Fee structure: Based on combination of asset value and individual services

FIRST PENNSYLVANIA BANK, N.A.
15th & Market Streets
Philadelphia, PA 19101
Contact: James F. McHale, Sr. VP, (215) 786-7946

Number of separate master trust clients: 20
Number of directed trust clients: 50
Master trust assets: $3.9 billion
Directed trust assets: $3.7 billion
Custodial employee benefit assets: $25.3 billion
Total employee benefit assets: $29.4 billion
Number of separate portfolios: 230
Average number of accounts per account supervisor: 17
Average number of portfolios per investment manager contact: 55
Accounting system utilized: Trade date (full accrual), contractual settlement date
Fail float credit provided: Yes
Short-term instruments used: STIF, master repo account institutional money market fund
Date short-term interest credited: Monthly
Timeliness of reporting package: Performance measurement, 13-17 business days; TUCS performance comparison, 3-4 weeks after calendar quarter end
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, market inventory fund, per-

formance comparison, global custody, on-line performance measurement, on-line via dial-up capability
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

FIRST SECURITY BANK OF UTAH, N.A.
79 S. Main
P.O. Box 30007
Salt Lake City, UT 84130
Contact: Gregory D. Burnett, V.P./Mgr., (801) 350-5356

Number of separate master trust clients: 2
Number of directed trust clients: 10
Master trust assets: $175.4 million
Directed trust assets: $5.4 million
Custodial employee benefit assets: $39 million
Total employee benefit assets: $446.1 million
Number of separate portfolios: 24
Average number of accounts per account supervisor: 4
Average number of portfolios per investment manager contact: 2
Accounting system utilized: Contractual settlement date
Fail float credit provided: Not Reported
Short-term instruments used: Money market funds
Date short-term interest credited: End of month
Timeliness of reporting package: Five business days from end of reporting period
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

FIRST TENNESSEE BANK
165 Madison Ave.
Memphis, TN 38103
Contact: Deborah McDonald, Sr. VP & Mgr., Employee Benefits Dept., (901) 523-4626

Number of separate master trust clients: 12
Number of directed trust clients: 98
Master trust assets: $821 million
Directed trust assets: $662 million
Custodial employee benefit asset value: $642 million
Total employee benefit asset value: $1.528 billion
Number of separate portfolios: Not Reported
Average number of accounts per account supervisor: 25
Average number of portfolios per investment manager contact: 23
Accounting system utilized: Actual delivery date
Fail float credit provided: Settle trades on actual settlement date, any delay in settlement caused by FTB, customer is compensated.
Short-term instruments used: Commercial paper, T-bills, money market fund
Date short-term interest credited: Payable date
Timeliness of reporting package: 10-20 working days
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement
Policy for crediting dividends and interest: Payable date + 1 for Clearing House Fund, Payable date for Federal Fund Securities
Fee structure: Based on asset value only

FIRST TRUST
First Trust Center
180 E. Fifth St.
St. Paul, MN 55101
Contact: David Bodine, VP, (612) 223-7679

Number of separate master trust clients: 25
Number of directed trust clients: Not Reported
Master trust assets: $3 billion
Directed trust assets: Not Reported
Custodial employee benefit assets: $6 billion
Total employee benefit assets: $9 billion
Number of separate portfolios: 2,000
Average number of accounts per account supervisor: 12
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Trade date (full accrual)
Fail float credit provided: Yes, assets remain invested until securities are delivered
Short-term instruments used: First trust's short-term investment fund
Date short-term interest credited: Not Reported
Timeliness of reporting package: 10 business days
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, custody and global securities settlement through direct sub-custodian network
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

FIRST WACHOVIA CORP.
P.O. Box 3099
Winston-Salem, NC 27150
Contact: Jane B. Fisher, Sr. VP, (919) 770-6348

Number of separate master trust clients: 63
Number of directed trust clients: 60
Master trust assets: $23.5 billion
Directed trust assets: $550 million
Custodial employee benefit assets: $3.882 billion
Total employee benefit assets: $33.2 billion
Number of separate portfolios: 600
Average number of accounts per account supervisor: 8
Average number of portfolios per investment manager contact: 22
Accounting system utilized: Contractual settlement date with pending adjustment
Fail float credit provided: Yes
Short-term instruments used: STIF Funds, demand notes, short-term bond fund, GIC Fund, CD Fund, Treasury notes, repos, and individually managed accounts
Date short-term interest credited: First of month
Timeliness of reporting package: 10 business days or less
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, global custody, asset allocation, options and futures processing, comparative performance, customized reporting, trade execution reporting, and GIC fund
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

FIRST WISCONSIN TRUST CO.
P.O. Box 2054
Milwaukee, WI 53201
Contact: Robert Fuller, VP, (414) 765-4444

Number of separate master trust clients: 22
Number of directed trust clients: 1,012
Master trust assets: $2.916 million
Directed trust assets: $2.5 million
Custodial employee benefit assets: $2.767 million
Total employee benefit assets: $8.182 million
Number of separate portfolios: 900
Average number of accounts per account supervisor: 15
Average number of portfolios per investment manager contact: 50
Accounting system utilized: Trade date (full accrual)
Fail float credit provided: Yes
Short-term instruments used: Short-term income fund and variable demand notes, money market mutual funds
Date short-term interest credited: Second business day
Timeliness of reporting package: Financial transactions are on the second business day, all others seven to eight business days
Services provided: Performance measurement, portfolio analysis, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, quantitative fixed income management
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

HARRIS TRUST AND SAVINGS BANK
111 W. Monroe St.
Chicago, IL 60603
Contact: Walter J. Kowalczyk, VP, (312) 461-2121

Number of separate master trust clients: 76
Number of directed trust clients: 231
Master trust assets: $46.7 million
Directed trust assets: $14.6 billion
Custodial employee benefit assets: $12 million
Total employee benefit assets: $73.3 billion
Number of separate portfolios: 750
Average number of accounts per account supervisor: 6
Average number of portfolios per investment manager contact: 95
Accounting system utilized: Trade date (full accrual)
Fail float credit provided: Yes
Short-term instruments used: STIF, commercial paper, certificates of deposit (domestic and Euro), bankers acceptances, U.S. government and agency issues, repurchase agreements, and demand notes
Date short-term interest credited: Third to fourth business day of month following investment
Timeliness of reporting package: Monthly transactions and assets statements, 2-7 business days; monthly/quarterly, audited financial summaries with plan accounting, 10-15 business days; annual audited financial summaries with ERISA & plan accounting, 15-20 business days
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, market inventory fund, universe comparison, options/futures accounting, global custody, on-line accounting and analytics with download capability, "Flexi-REPORTING," automated daily sweep of cash,

automated cash management, custom cash management
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

HERITAGE PULLMAN BANK & TRUST CO.
1000 E. 111th St.
Chicago, IL 60187
Contact: Robert J. Ferrari, VP & TO, (312) 785-1000

Number of separate master trust clients: 0
Number of directed trust clients: 200
Master trust assets: 0
Directed trust assets: $100 million
Custodial employee benefit assets: $10 million
Total employee benefit assets: $120 million
Number of separate portfolios: Not Reported
Average number of accounts per account supervisor: Not Reported
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Not Reported
Short-term instruments used: Not Reported
Date short-term interest credited: Not Reported
Timeliness of reporting package: Not Reported
Services provided: Not Reported
Policy for crediting dividends and interest: Not Reported
Fee structure: Not Reported

THE INTERNATIONAL TRUST CO.
P.O. Box 75
Royal Bank Tower North
Toronto, Ontario, Canada M5J 2J2
Contact: William A. Pascoe, VP (416) 865-0515

Number of separate master trust clients: 20
Number of directed trust clients: 52
Master trust assets: $2.0 billion
Directed trust assets: $1.2 billion
Custodial employee benefit assets: Not Reported
Total employee benefit assets: $3.5 billion
Number of separate portfolios: 360
Average number of accounts per account supervisor: 18
Average number of portfolios per investment manager contact: 30
Accounting system utilized: Trade date (full accrual)
Fail float credit provided: No
Short-term instruments used: STIF, money market funds
Date short-term interest credited: Weekly
Timeliness of reporting package: 1-10 business days depending on package
Services provided: Performance measurement, participant recordkeeping, securities lending, benefit disbursement, index fund
Policy for crediting dividends and interest: On payable date
Fee structure: Based on individual services performed

LASALLE NATIONAL BANK
135 S. LaSalle St.
Chicago, IL 60690
Contact: James F. Sullivan, Sr. VP, (312) 443-2497

Number of separate master trust clients: 14
Number of directed trust clients: 100
Master trust assets: $768 million
Directed trust assets: $868 million
Custodial employee benefit assets: $1.0 billion
Total employee benefit assets: $2.5 billion
Number of separate portfolios: Not Reported
Average number of accounts per account supervisor: Not Reported
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Contractual settlement date
Fail float credit provided: Not Reported
Short-term investment used: STIF, Master Notes, Instruments MMF
Date short-term interest credited: Second of following month
Timeliness of reporting package: 7-10 days (sooner upon request)
Services provided: Performance measurement, participant recordkeeping, benefit disbursement, index fund, venture capital, double management or cash (i.e. private STIF)
Policy for crediting dividends and interest: On payable date
Fee structure: Based on asset value only.

MANUFACTURERS HANOVER TRUST CO.
450 W. 33rd St., 15th Floor
New York, NY 10001
Contact: Renee San Marco, VP, (212) 613-7900

Number of separate master trust clients: 97
Number of directed trust clients: 164
Master trust assets: $26 billion
Directed trust assets: $348 million
Custodial employee benefit assets: $38 billion
Total employee benefit assets: $64.3 billion
Number of separate portfolios: 1,316
Average number of accounts per account supervisor: 8
Average number of portfolios per investment manager contact: 65
Accounting system utilized: Trade date (full accrual), contractual settlement date with pending adjustment, contractual settlement date, actual delivery date
Fail float credit provided: Yes
Short-term instruments used: MHT's STIF
Date short-term interest credited: Accrued daily; credited by fifth business day.
Timeliness of reporting package: Monthly transaction report, 3-5 business days; financial reports, 5-7 business days
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, plan accounting, vertically integrated on-line access (VIOLA)
Policy for crediting dividends and interest: On payable date for listed securities, credited with same day funds
Fee structure: Based on combination of asset value and individual services

MANUFACTURERS NATIONAL BANK OF DETROIT
100 Renaissance Center, 13th Floor
Detroit, MI 48243
Contact: James Sullivan, VP/Sr. TO, (313) 222-4470

Number of separate master trust clients: 36
Number of directed trust clients: 4,222
Master trust assets: $23.5 billion
Directed trust assets: $9.9 billion
Custodial employee benefit assets: $8.6 billion
Total employee benefit assets: $18.5 billion
Number of separate portfolios: 160
Average number of accounts per account supervisor: 100-150
Average number of portfolios per investment manager contact: 14
Accounting system utilized: Trade date (full accrual), contractual settlement date
Fail float credit provided: Yes
Short-term instruments used: Commercial paper, certificates of deposit, repurchase agreements
Date short-term interest credited: Three business days after end of period
Timeliness of reporting package: Five business days after end of month
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, cash management
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

THE MARINE MIDLAND BANK, N.A.
250 Park Ave., Second Floor
New York, NY 10177
Contact: Moira L. Patterson, VP, (212) 503-2724

Number of separate master trust clients: 20
Number of directed trust clients: 110
Master trust assets: $1.8 billion
Directed trust assets: $600 million
Custodial employee benefit assets: $800 million
Total employee benefit assets: $3.2 billion
Number of separate portfolios: 480
Average number of accounts per account supervisor: 15
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Trade date (full accrual), contractual settlement date
Fail float credit provided: Yes
Short-term instruments used: Short term investment fund, money market fund, treasury bills, master notes, commercial paper
Date short-term interest credited: Monthly—end of month
Timeliness of reporting package: 7-10 business days
Services provided: Performance measurement, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, on-line access to account information
Policy for crediting dividends and interest: On payable date
Fee structure: Based on individual services performed

MARQUETTE BANK MINNEAPOLIS N.A.
6th & Marquette Streets
Minneapolis, MN 55480
Contact: Andrews Freeman, Trust Sales Officer, (612) 341-5724

Number of separate master trust clients: 0
Number of directed trust clients: 303
Master trust assets: 0
Directed trust assets: $221 million
Custodial employee benefit asset value: $650 million
Total employee benefit asset value: $871 million
Number of separate portfolios maintained: 300
Average number of accounts per account supervisor: 70
Average number of portfolios per investment manager contact: 50
Accounting system utilized: Contractual settlement date
Fail float credit provided: Yes
Short-term instruments used: Shearson Temp Fund, Fidelity Government fund, Federated master trust, Federated ST US Government, Federated treasury oblig. Shearson Muni

Date short-term interest credited: First day of following month
Timeliness of reporting package: Within 10 business days following month end
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement, investment advisory service, consulting service to assist client in finding qualified investment advisor
Policy for crediting dividends and interest: On due date
Fee structure: Based on combination of asset value and individual services

MARSHALL & ILSLEY TRUST CO.
770 N. Water St.
Milwaukee, WI 53202
Contact: Morry L. Birnbaum, VP, (414) 287-7187

Number of separate master trust clients: 46
Number of directed trust clients: 600
Master trust assets: $1.4 billion
Directed trust assets: $920 million
Custodial employee benefit assets: $870 million
Total employee benefit assets: $3.17 billion
Number of separate portfolios: 600
Average number of accounts per account supervisor: 100
Average number of portfolios per investment manager contact: 15
Accounting system utilized: Contractual settlement date with pending adjustment
Fail float credit provided: Negotiated
Short-term instruments used: STIF with ACM; T-bills
Date short-term interest credited: Daily
Timeliness of reporting package: Monthly & quarterly, 5-7 business days; Annual, 15 business days
Services provided: Performance measurement, portfolio analysis, participant recordkeeping, ERISA disclosure assistance, benefit disbursement, on-line access, investment management data downloading
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

MELLON BANK
One Mellon Bank Center
Pittsburgh, PA 15258
Contact: Gary A. Rothman, VP, (412) 234-5000

Number of separate master trust clients: 124
Number of directed trust clients: 58
Master trust assets: $110 billion
Directed trust assets: $2.6 billion
Custodial employee benefit assets: $7.2 billion
Total employee benefit assets: $102 billion
Number of separate portfolios: 1,263
Average number of accounts per account supervisor: 5-8 (depending on specifics)
Average number of portfolios per investment manager contact: 25
Accounting system utilized: Trade date (full accrual)
Fail float credit provided: Yes
Short-term instruments used: Commingled, short-term funds utilizing A-1 and P-1 investments. Proprietary funds are also available.
Date short-term interest credited: Earned daily/credited weekly
Timeliness of reporting package: Monthly, quarterly and annually with monthly statements available third business day following month end
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, market inventory fund, international custody, on-line access, options & futures, customized reports, performance consulting
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

MONTREAL TRUST COMPANY OF CANADA
15 King Street West
Toronto, Ontario, Canada, M5H 1B4
Contact: Ray La Force, VP-Pension Administration, (416) 860-5555

All figures are in Canadian dollars

Number of separate master trust clients: 87
Number of directed trust clients: 1,087
Master trust assets: $7.9 billion
Directed trust assets: $19.2 billion
Custodial employee benefit assets: $19.9 billion
Total employee benefit assets: $19.9 billion
Number of accounts: 2,662
Average number of accounts per account supervisor: 150
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Contractual settlement date
Fail float credit provided: No
Short-term instruments used: T-Plus (Short term investment fund)
Date short-term interest credited: Monthly (accrued daily)
Timeliness of reporting package: 5-10 working days following month end
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, benefit disbursement, global custody, specialized index funds
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

NCNB TEXAS
350 N. St. Paul, 4-ODC
Dallas, TX 75201
Contact: David J. Pittman, Sr. VP, Trust Institutional Marketing, (214) 922-6506

Number of separate master trust clients: 250
Number of directed trust clients: Included in MT
Master trust assets: $36.1 billion
Directed trust assets: Included in MT
Custodial employee benefit assets: $12.1 billion
Total employee benefit assets: $35.0 billion
Number of separate portfolios: 207
Average number of accounts per account supervisor: 10
Average number of portfolios per investment manager contact: 9
Accounting system utilized: Trade date (full accrual), contractual settlement date
Fail float credit provided: Yes
Short-term instruments used: Multiple STIF Funds, Individually Managed STIF, Aggressive STIF, Silver Star Prime and Silver Star Goverment
Date short-term interest credited: First business day of month
Timeliness of reporting package: On-Line, second business day; Hard Copy, fifth business day
Services provided: Performance measurement, portfolio analysis, portfolio review, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, market inventory fund, client on-line reporting, downloading and formatting capabilities, 150+ accounting reports, global custody with multi-currency accounting, securities lending, TUCS, plan accounting, fail float earnings, pre-crediting dividends and interest on payable date in good funds, daily pricing, benefit payments, withholding and control disbursement, on-line performance measurement & analytics, on-line DTC/ID securities processing, on-line benefit payments, on-line cash management and forecasting, government reporting, portfolio risk insurance, GIC wholesale service, dedicated bond portfolio, performance consulting, transition manager service, futures and options, international, real estate and energy investment.
Policy for crediting dividends and interest: On payable date, in good funds
Fee Structure: Based on combination of asset value and individual services

NATIONAL BANK OF DETROIT
611 Woodward Ave.
Detroit, MI 48226
Contact: Larry D. Rankens, Asst. VP, (313) 225-2660

Number of separate master trust clients: 142
Number of directed trust clients: Not Reported
Master trust assets: $23.3 million
Directed trust assets: Not Reported
Custodial employee benefit assets: $5.4 million
Total employee benefit assets: $28.7 million
Number of separate portfolios: 473
Average number of accounts per account supervisor: 10
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Trade date (full accrual), contractual settlement date
Fail float credit provided: Yes
Short-term instruments used: Master trust STIF-A fund with a diversified portfolio of high quality, short-term instruments, including trust demand notes and commercial paper, domestic and Eurodollar CDs, bankers acceptances, repurchase agreements secured by treasury issues and treasury bills
Date short-term interest credited: First business day after end of the month
Timeliness of reporting package: Monthly reports, 5-7 business days; asset and liability reports, within 30 business days; performance measurement, within 5-30 business days
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, market inventory fund, cash management, global custody, on-line (data monitor)
Policy for crediting dividends and interest: On payable date in federal funds
Fee structure: Based on combination of asset value and individual services

NATIONAL TRUST CO.
21 King Street, East
Toronto, Ontario, Canada M5C 1B3
Contact: Paul Lewis, Vice President Employee Benefit services, (416) 361-3611

All figures are in Canadian dollars

Number of separate master trust clients: 42

Number of directed trust clients: 182
Master trust assets: $4.2 billion
Directed trust assets: $8 billion
Custodial employee benefit assets: $12.2 billion
Total employee benefit assets: $12.2 billion
Number of separate portfolios: Not Reported
Average number of accounts per account supervisor: 10
Average number of portfolios per investment manager contact: No
Accounting system utilized: Contractual settlement date with pending adjustment
Fail float credit provided: Not Reported — 95% of trades processed through Canadian Depository for Securities (book-based system)
Short-term instruments used: Short Term Investment Fund, daily bank interest on uninvested cash
Date short-term interest credited: Daily
Timeliness of reporting package: 10 business days
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, benefit disbursement, index fund, short term investment fund
Policy for crediting dividends and interest: On due date
Fee structure: Based on combination of asset value and individual services

NORSTAR TRUST CO.
45 East Ave.
Rochester, NY 14604
Contact: John C. Law, VP, (716) 546-9092

Number of separate master trust clients: Not Reported
Number of directed trust clients: 125
Master trust assets: Not Reported
Directed trust assets: $100 million
Custodial employee benefit assets: $329.823 million
Total employee benefit assets: $1.220 billion
Number of separate portfolios: Not Reported
Average number of accounts per account supervisor: Not Reported
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Contractual settlement date
Fail float credit provided: No
Short-term instruments used: Money Market Funds, Commercial Paper Repurchase Agreements, etc.
Date short-term interest credited: Within 2-3 business days after the end of the month
Timeliness of reporting package: Monthly
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement
Policy for crediting dividends and interest: On payable date
Fee structure: Based on individual services performed

THE NORTHERN TRUST CO.
50 S. LaSalle St.
Chicago, IL 60675
Contact: Thomas W. Kimen Jr., Sr. VP, (312) 630-6000

Number of separate master trust/custody clients: 246
Number of directed trust clients: 15
Master trust/custody assets: $128.4 billion
Directed trust assets: $2.7 billion
Custodial employee benefit assets: $7.9 billion
Total employee benefit assets: $139 billion
Number of separate portfolios: 4,200
Average number of accounts per account supervisor: 5
Average number of portfolios per investment manager contact: 120
Accounting system utilized: Contractual settlement date with pending adjustment
Fail float credit provided: Yes
Short-term instruments used: Short term investment fund, Benchmark, and NORCASH
Date short-term interest credited: Third business day after month end
Timeliness of reporting package: 3-5 days after period end; available on-line 24 hours a day
Services provided: Performance measurement, portfolio analysis, portfolio review, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, market inventory fund, global custody; portfolio restructuring; EAFE index fund; electronic delivery service; cash management; asset management
Policy for crediting dividends and interest: On payable date. Regularly scheduled dividend and interest payments are credited on payable date in "good funds" regardless of whether The Northern Trust has received the funds
Fee structure: Based on combination of asset value and individual services

NORWEST BANK MINNESOTA, N.A.
6th Street & Marquette Avenue
Minneapolis, MN 55479
Contact: Kerry Noyes, VP, (612) 667-4785

Number of separate master clients: 20
Number of directed trust clients: 180
Master trust assets: $3.5 billion
Directed trust assets: $1.7 million
Custodial employee benefit asset value: $3.715 billion
Total employee benefit asset value: $3.715 billion
Number of separate portfolios: 250
Average number of accounts per account supervisor: 5-7
Average number of portfolios per investment manager contact: 40
Accounting system utilized: Trade date (full accrual)
Fail float credit provided: No
Short-term instruments used: Norwest Short Term Investment Fund (STIF)
Date short-term interest credited: Not Reported
Timeliness of reporting package: Eight days following month/quarter end
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, market inventory fund, trustee/custody, global custody, GIC fund, individual investment management
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

RICHFIELD BANK & TRUST CO.
6625 Lyndale Ave., South
Richfield, MN 55423
Contact: John L. Simpson, VP, (612) 861-8307

Number of separate master trust clients: Not Reported
Number of directed trust clients: 250
Master trust assets: Not Reported
Directed trust assets: $200 million
Custodial employee benefit assets: $100 million
Total employee benefit assets: $200 million
Number of separate portfolios: 400
Average number of accounts per account supervisor: 70-80
Average number of portfolios per investment manager contact: 4-400
Accounting system utilized: Actual delivery date
Fail float credit provided: No
Short-term instruments used: Money market funds, T-bills
Date short-term interest credited: Not Reported
Timeliness of reporting package: Not Reported
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement
Policy for crediting dividends and interest: Date of receipt + 1
Fee structure: Based on combination of asset value and individual services

ROYAL TRUST
P.O. Box 7500, Station A
Toronto, Ontario, Canada M5W 1P9
Contact: Mary Taylor, VP, C.F.S. Sales, (416) 864-6982

All figures are in Canadian dollars

Number of separate master trust clients: 89
Number of directed trust clients: 343
Master trust assets: $15.5 billion
Directed trust assets: $11.5 billion
Custodial employee benefit assets: $2.6 billion
Total employee benefit assets: $2.5 billion
Number of separate portfolios: 2,000
Average number of accounts per account supervisor: 45
Average number of portfolios per investment manager contact: 4.5
Accounting system utilized: Contractual settlement date with pending adjustment
Fail float credit provided: No
Short-term instruments used: Interest on daily cash balances
Date short-term interest credited: Not Reported
Timeliness of reporting package: 10-15 days
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, benefit disbursement, Prediktor 4 — desktop pension decision support system
Policy for crediting dividends and interest: On pay date
Fee structure: Based on combination of asset value and individual services

SAN DIEGO TRUST & SAVING BANK
530 Broadway, Dept. A362
San Diego, CA 92101-5209
Contact: David R. Holst, VP, (619) 557-3360

Number of separate master trust clients: 525
Number of directed trust clients: 1,344
Master trust assets: $281.882 million
Directed trust assets: $513.390 million
Custodial employee benefit assets: $3.541 million
Total employee benefit assets: $639.526 million
Number of separate portfolios: 2,112
Average number of accounts per account supervisor: 125 to 150
Average number of portfolios per investment manager contact: 50
Accounting system utilized: Contractual settlement date
Fail float credit provided: No
Short-term instruments used: Money market funds
Date short-term interest credited: Between first and fifth business of month

Timeliness of reporting package: Quarterly statements, 70 days after period end
Services provided: Portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services.

SEAFIRST BANK
P.O. Box 3586
Seattle, WA 98125
Contact: Steven A. Horman, VP, (206) 358-3297

Number of separate master trust clients: 5
Number of directed trust clients: 150
Master trust assets: $100 million
Directed trust assets: $300 million
Custodial employee benefit assets: $420 million
Total employee benefit assets: $1.3 billion
Number of separate portfolios: Not Reported
Average number of accounts per account supervisor: Not Reported
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Trade date (full accrual), contractual settlement date with pending adjustment, contractual settlement date, actual delivery date
Fail float credit provided: No
Short-term instruments used: Internally managed STIF
Date short-term interest credited: Third business day
Timeliness of reporting package: 10th working day
Services provided: Performance measurement, participant recordkeeping, ERISA disclosure assistance, benefit disbursement, index fund
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

SECURITY TRUST CO.
2 N. Charles St., M.S. 100-309
Baltimore, MD 21201
Contact: Kathy Jackson, VP & TO, (301) 244-1443

Number of separate master trust clients: 25
Number of directed trust clients: 42
Master trust assets: $1.172 billion
Directed trust assets: $1.032 billion
Custodial employee benefit assets: $2.09 billion
Total employee benefit assets: $4.294 billion
Number of separate portfolios: 341
Average number of accounts per account supervisor: 55
Average number of portfolios per investment manager contact: 30
Accounting system utilized: Trade date (full accrual) by client request, contractual settlement date with pending adjustment, contractual settlement date
Fail float credit provided: As agreed upon
Short-term instruments used: Internally managed short term investment fund & outside mutual funds upon client request
Date short-term interest credited: Three business days following month end
Timeliness of reporting package: 10 business days from end of reporting period, as an average timeframe
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, securities lending can be arranged through our N.Y. correspondent, GIC fund, on-line performance measurement
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

SIGNET TRUST CO.
7 N. Eight St.
Richmond, VA 23260
Contact: James R. Eads, VP, (804) 771-7131

Number of separate master trust clients: 1
Number of directed trust clients: 274
Master trust assets: $191 million
Directed trust assets: $552 million
Custodial employee benefit assets: $750 million
Total employee benefit assets: $1.2 billion
Number of separate portfolios: 275
Average number of accounts per account supervisor: 63
Average number of portfolios per investment manager contact: 8
Accounting system utilized: Trade date (full accrual), contractual settlement date
Fail float credit provided: No
Short-term instruments used: First business day of each month
Date short-term interest credited: First business day of each month
Timeliness of reporting package: Five business days
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, benefit disbursement
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

STATE STREET BANK
P.O. Box 1992
Boston, MA 02101
Contact: John G. Houlihan, Sr. VP, (617) 847-7495

Number of separate master trust clients: 151
Number of directed trust clients: 217
Master trust assets: $63.9 billion
Directed trust assets: $40.4 billion
Custodial employee benefit assets: $13.0 billion
Total employee benefit assets: $191.8 billion
Number of separate portfolios: 1,837
Average number of accounts per account supervisor: 8
Average number of portfolios per investment manager contact: 15
Accounting system utilized: Trade date (full accrual)
Fail float credit provided: The client receives fail float interest income on purchase fails because we do not charge the account until actual settlement date plus one
Short-term instruments used: STIF, G-STI, SPIFF, SPIFF Plus, Maturity Plus STIF, /LA, Merrill Lynch, Seven Seas
Date short-term interest credited: Beginning of following month
Timeliness of reporting package: 5-7 business days
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, market inventory fund
Policy for crediting dividends and interest: On payable date, on due date, Fed interest is credited on payable date. Interest received via wire is credited upon receipt. Interest received by check is payable upon clearance of the check. All DTC items (which are mostly corporate stocks and bonds) are paid in Clearinghouse Funds which are available for investment on payable date plus one, (the day the Clearinghouse funds are good). Any DTC rebates due to payment delays on the part of DTC are credited to the client immediately. All DTC items (which are mostly corporate stocks and bonds) are paid in Clearinghouse Funds which are available for investment on payable date plus one, (the day the Clearinghouse Funds are good). Any DTC rebates due to payment delays on the part of DTC are credited to the client.
Fee structure: Based on combination of asset value and individual services

THE SUMITOMO BANK OF CALIFORNIA
320 California St., Third Floor
San Francisco, CA 94104
Contact: Bob R. Otani, VP & Mgr., (415) 445-8094

Number of separate master trust clients: Not Reported
Number of directed trust clients: 353
Master trust assets: Not Reported
Directed trust assets: $215.959 million
Custodial employee benefit asset value: $30.116 million
Total employee benefit asset value: $303.195 million
Number of separate portfolios: 402
Average number of accounts per account supervisor: 80
Average number of portfolios per investment manager contact: 56
Accounting system utilized: Contractual settlement date
Fail float credit provided: No
Short-term instruments used: Short-term money market funds
Date short-term interest credited: First business day of month
Timeliness of reporting package: 10 business days; 30 calendar days for annuals
Services provided: Performance measurement, portfolio review, benefit disbursement
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

TEXAS COMMERCE BANK-HOUSTON
P.O. Box 2558
Houston, TX 77252-8037
Contact: Wendy L. Hunt, Trust Officer, (713) 236-5125

Number of separate master trust clients: 8
Number of directed trust clients: 25
Master trust assets: $2 billion
Directed trust assets: $6 billion
Custodial employee benefit assets: $2 billion
Total employee benefit assets: $5 billion
Number of separate portfolios: 68
Average number of accounts per account supervisor: 2-23 Average number of portfolios per investment manager contact: 7 portfolios/Equity portfolio manager, 9 portfolios/Fixed income portfolio manager
Accounting system utilized: Trade date (full accrual)
Fail float credit provided: No
Short-term instruments used: Texas Commerce Bank provides short term investment management to outside managers, as well as directly to clients. The interest on the STIF accounts accrues daily.
Date short-term interest credited: Accrues daily; credited monthly
Timeliness of reporting package: 18-22 days following period end.
Services provided: Performance measurement, portfolio analysis, portfolio review, securities lending, ERISA disclosure assistance, benefit disbursement

Policy for crediting dividends and interest: Texas Commerce subscribes to a service which maps scheduled dividend payments in the future. This service interfaces with our internal trust system to assure automatic credit when dividends are issued. Interest is also automatically generated from BTAS, our Basic Trust Accounting System. When a security is purchased, the interest rate, maturity date and interest payment cycle are input; the system then generates all interest information based on the interest payment cycle. Funds are available for reinvestment on trade payable +1.

Fee structure: Based on combination of asset value and individual services, fees for managed assets totaling over $100m are determined on a negotiated basis.

TRUST COMPANY BANK
P.O. Box 4655
Atlanta, GA 30302
Contact: Roger M. Birkholz, VP, (404) 588-8206

Number of separate master trust clients: 28
Number of directed trust clients: 42
Master trust assets: $2.606 billion
Directed trust assets: $357 million
Custodial employee benefit assets: $1.886 billion
Total employee benefit assets: $4.849 billion
Number of separate portfolios: 80
Average number of accounts per account supervisor: 9.3
Average number of portfolios per investment manager contact: 12
Accounting system utilized: Trade date (full accrual), contractual settlement date with pending adjustment, contractual settlement date
Fail float credit provided: No
Short-term instruments used: Short-term investments company B, managed by AIM Advisors, Inc.
Date short-term interest credited: Third business day after reporting period
Timeliness of reporting package: 10 business days after reporting period
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, global custody services, customized formatting of statements and reports, on-line access/download
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

UNITED MISSOURI BANK OF KANSAS CITY, N.A.
P.O. Box 419226
Kansas City, MO 64141
Contact: David L. Roberts, Sr. VP, (816) 556-7484

Number of separate master trust clients: 42
Number of directed trust clients: 48
Master trust assets: $1.4 billion
Directed trust assets: $935.9 million
Custodial employee benefit assets: $264.8 million
Total employee benefit assets: $2.5 billion
Number of separate portfolios: 166
Average number of accounts per account supervisor: 512
Average number of portfolios per investment manager contact: 2
Accounting system utilized: Contractual settlement date with pending adjustment
Fail float credit provided: No
Short-term instruments used: UMB Prime Money Market Fund, UMB Federal Money Market fund, Daily Money Market Fund
Date short-term interest credited: First day of month
Timeliness of reporting package: 10th day of month
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

UNITED STATES NATIONAL BANK OF OREGON
321 S.W. Sixth Ave.
Portland, OR 97204
Contact: Marcia A. Bennett, VP & Mgr., (503) 275-6592

Number of separate master trust clients: 6
Number of directed trust clients: 80
Master trust assets: $340 million
Directed trust assets: $100 million
Custodial employee benefit assets: $530 million
Total employee benefit assets: $1.1 billion
Number of separate portfolios: Not Reported
Average number of accounts per account supervisor: 25
Average number of portfolios per investment manager contact: 65
Accounting system utilized: Trade date (full accrual) SEI/Trust Aid and EBR systems, Contractual settlement date, EBR; actual delivery date, trust aid
Fail float credit provided: U.S. bank guarantees timely settlements of affirmed/verified trades
Short-term instruments used: Various internally and externally managed funds, plus commercial paper and repurchase agreements
Date short-term interest credited: Third business day
Timeliness of reporting package: Not Reported
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

UNITED STATES TRUST CO.
45 Wall St.
New York, NY 10005
Contact: Joseph DelliCarpini, VP, (212) 806-4360

Number of separate master trust clients: 40
Number of directed trust clients: 68
Master trust assets: $14.6 million
Directed trust assets: $5.7 million
Custodial employee benefit assets: $4.3 million
Total employee benefit assets: $24.6 million
Number of separate portfolios: 465
Average number of accounts per account supervisor: 18
Average number of portfolios per investment manager contact: 46
Accounting system utilized: Trade date (full accrual), actual delivery date (full accrual)
Fail float credit provided: Yes
Short-term instruments used: STIF, demand and master notes
Date short-term interest credited: Second business day
Timeliness of reporting package: Available 5-7 business days
Services provided: Performance measurement, portfolio analysis, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, structured investment products, investment management, asset allocation, portfolio attribution, sponsor decision impact analysis, consulting, plan accounting, on-line client access, flexible report writer, global custody, full accrual settlement date or trade date accounting, tax lot accounting, 990 filing, cash management
Policy for crediting dividends and interest: On payable date
Fee structure: Based on individual services performed

VALLEY NATIONAL BANK OF ARIZONA
P.O. Box 71
Phoenix, AZ 85001
Contact: Russell C. Gunderson, Trust Employee Benefit Sales Manager (602) 261-5188

Number of separate master trust clients: 3
Number of directed trust clients: 174
Master trust assets: $200 million
Directed trust assets: $319 million
Custodial employee benefit assets: $616 million
Total employee benefit assets: $935 million
Number of separate portfolios: 174
Average number of accounts per account supervisor: 35
Average number of portfolios per investment manager contact: 150
Accounting system utilized: Trade date (full accrual)
Fail float credit provided: No
Short-term instruments used: Short-term investment company
Date short-term interest credited: First work-day
Timeliness of reporting package: Accrual basis, fifth workday of month; cash basis, third workday of month
Services provided: Performance measurement, portfolio analysis, portfolio review, participant recordkeeping, ERISA disclosure assistance, benefit disbursement
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services

WELLS FARGO BANK
111 Sutter St., 10th Floor 0188-101
San Francisco, CA 94163
Contact: Tom Torio, VP, Client Services (415) 396-2275

Number of separate master trust clients: 0
Number of directed trust clients: 460
Master trust assets: 0
Directed trust assets: $4.1 billion
Custodial employee benefit assets: $5 billion
Total employee benefit assets: $5 billion
Number of separate portfolios: Not Reported
Average number of accounts per account supervisor: Not Reported
Average number of portfolios per investment manager contact: Not Reported
Accounting system utilized: Trade date (full accrual), contractual settlement date with pending adjustment, contractual settlement date Tr. +5, actual delivery date same day
Fail float credit provided: No
Short-term instruments used: In-house sweep, 1 money market vehicle, 1 FDIC vehicle.
Date short-term interest credited: Same day
Timeliness of reporting package: 6-10 business days (unaudited reports)
Services provided: Performance measurement, portfolio review, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, open end GIC fund, real estate equity fund, three-way asset allocation fund
Policy for crediting dividends and interest: On payable date
Fee structure: Based on combination of asset value and individual services □

A False Promise With Medicare?

BY CYNTHIA K. HOSAY
Martin E. Segal Co.
New York

After much deliberation, the proposed expansion of Medicare was signed into law this past July. Generally, this expansion was purported to be the answer to Medicare beneficiaries' catastrophic medical expenses.

However, a close examination of the Medicare Catastrophic Protection Act suggests that it may represent a false promise to beneficiaries. The act has added a new prescription drug benefit and has expanded hospital, nursing home and home care coverage.

But it fails to address the most crucial issue facing the elderly today: long-term care. Medicare was intended to provide coverage for beneficiaries' acute care and the new law extends acute care coverage. Yet, the majority of the elderly's illnesses are chronic, long-term conditions. And the greatest share of their out-of-pocket medical expenses are for chronic care.

On the other hand, employers may benefit from the expanded coverage the law provides. The new coverage is likely to duplicate retiree health coverage that companies currently provide.

As a result, employers have the opportunity to restructure their retiree health plans. But first they must review their existing plans, determine how to comply with the law's "rebate" requirement and examine all available redesign options.

The expanded coverage

The Medicare Catastrophic Protection Act makes changes in the two categories of coverage offered under the program: the Hospital Insurance Program (Part A) and the Supplementary Medical Insurance Program (Part B). The new coverage will be phased in over a three-year period beginning in 1989.

The additional benefits provided under Part A will be financed by an income tax-based surcharge, capped at $800 per person in 1989, gradually increasing to $1,050 per person in 1993. The additional Part B benefits will be financed by a flat $4 per month charge in 1989, climbing to $10.20 per month by 1993.

Under Part A, the new law sets an annual out-of-pocket maximum a beneficiary must pay for hospitalization. There is unlimited coverage for inpatient hospital care and coinsurance charges for inpatient hospital days have been eliminated.

Perhaps the most important new benefit added under the law is the prescription drug benefit, which addresses a crucial need of the elderly and disabled.

For extended care services provided in a nursing home, the coinsurance has been reduced and the number of days covered in a skilled nursing facility has been increased to 150. Also, a restriction on hospice care coverage for the terminally ill has been lifted.

Under Part B, which covers outpatient hospital services and physicians services, the law establishes an annual out-of-pocket limit the beneficiary must pay for Medicare-eligible services. Home health-care coverage has been extended and a "respite care" benefit has been added that provides coverage of in-home care for a "chronically dependent person" for up to 80 hours each year.

The law has changed a Medicaid eligibility provision to aid beneficiaries who must impoverish themselves in order to receive Medicaid benefits. The "spousal impoverishment provision" permits the spouse of a beneficiary entering a nursing home to retain a portion of his/her monthly income and one-half of the couple's assets to avoid impoverishment.

Perhaps the most important new benefit added under the law is the prescription drug benefit, which addresses a crucial need of the elderly and disabled for which they have previously received little financial assistance.

Prescription drugs that can be self-administered at home will be covered for the first time, beginning in 1991. However, beneficiaries still must pay a deductible before coverage begins, and will have to pay part of the cost of each prescription.

While the law expands Medicare benefits and adds a prescription drug benefit, it still does not cover some important, and expensive, health-care services. The law does not provide for vision care and eyeglasses, hearing exams and hearing aids or dental work. Also, it does not address the issue of prevention. For example, coverage is not provided for physical exams.

Although the prescription drug benefit has been added, beneficiaries still have to assume a large share of the cost through the deductible and a coinsurance charge. And, while the law expands the catastrophic care benefits, it does not begin to meet the elderly's increasing need for long-term care.

Long-term care encompasses a wide range of medical services, such as skilled nursing care and therapy given in a nursing home or home care setting, administered for chronic illnesses. The new Medicare law addresses the issue by establishing a commission to study and recommend to Congress ways to finance comprehensive long-term care for the elderly and disabled.

Key provisions

Two provisions of the Medicare Catastrophic Protection Act will directly influence the cost and struc-

ture of a company's retiree health plan.

The "maintenance of effort" provision requires employers who provide coverage that duplicates the expanded Medicare benefits to reimburse their Medicare-eligible retirees for the value of the duplicate benefits. The reimbursement can be in the form of a refund, increased benefits or reduced contributions for coverage.

The requirement applies only if the duplicate employer-provided benefits are worth at least half of the value of the new benefits, according to standards to be issued by the Department of Health and Human Services. The value of duplicate Part A benefits must be rebated in 1989 and Part B benefits in 1990.

Additionally, the new $4 per month premium for additional Part B benefits presents some employers with a decision that must be made without delay. Employers who are paying the Medicare Part B premium (currently $24.80 per month, rising to $31.90 in 1989) must decide by year's end if they are going to increase their Part B reimbursement to cover the additional $4 per month charge.

This decision should not be made lightly, since the long-range implications will be significant. By 1993, the supplemental premium will climb to $10.20 per month and the 1989 Part B premium of $31.90, indexed to inflation, could reach $40 or more per month. Therefore, by 1993, an employer could pay more than $50 per month for each retiree's Part B premium.

Review plans

Now is the time for employers to review their retiree health plans to decide upon their approach to the maintenance of effort provision. However, without the benefit of final regulations detailing how to value duplicate benefits, employers cannot accurately determine duplicate coverage.

Once the regulations have been released, employers must decide how to reimburse Medicare-eligible retirees for the duplicate coverage: cash refunds, additional benefits or reduced contribution levels. Then, employers can begin to redesign their programs to avoid duplication and to calculate future budgets for retiree health-care benefits.

Once employers eliminate duplicate coverage, there are numerous redesign possibilities to consider. Employers may want to consider providing benefits not covered under Medicare, such as vision care, dental care and physical examinations.

Once employers eliminate duplicate coverage, there are numerous redesign possibilities to consider. Employers may want to consider providing benefits not covered under Medicare, such as vision care, dental care and physical examinations.

Also, employers might consider

"I wouldn't compromise on powerful features for our defined contribution plans."

"I wouldn't compromise on responsive service from employee benefit specialists."

We got AutoFax℠/MPR– the micro allocation system from SunGard

Powerful Features
- Efficiently handles 401(k), Profit Sharing and Money Purchase Plan allocations including tax reporting.
- Compliance testing for 415, 401(k) Anti-Discrimination and Top-Heavy tests.

Customer Service
- Superior support from a staff with experience in employee benefits.
- System training and benefit classes for my beginning employees and experienced administrators as well.

Flexibility
- Up to ten investment funds and ten contribution types.
- Various vesting schedules and earnings formulas including time-weighting.
- System proposal features for custom-designed plans.

Enhancements
- AutoFax/MPR is up-to-date and current with the most recent law requirements.
- System enhancements are made using my suggestions so I have a voice in the future of AutoFax/MPR.

SUNGARD® TRUST SYSTEMS INC.

4822 Albemarle Road
Charlotte, NC 28205
Telephone: 704/568-5180

PRESENT AND FUTURE MEDICARE COVERAGE AND PREMIUM COSTS

PART A—INPATIENT CHARGES	1988	1989	1990	1991	1992	1993
Hospital						
• Deductible	$540/benefit period	$564 (est.)/yr.	Indexed	Indexed	Indexed	Indexed
• Daily Copayment	$0 for 60 days $135 for 61-90 days	No copayment	No copayment	No copayment	No copayment	No copayment
—Lifetime reserve	$270 for 60 days					
• Limits on Length of Stay	150 days/benefit period (incl. lifetime reserve)	No limit	No limit	No limit	No limit	No limit
Skilled Nursing Facility (SNF)						
• Daily Copayment	$0 for 20 days $67.50 for 21-100 days	$20.50 (est.) for first 8 days next 142 days - 0	Indexed	Indexed	Indexed	Indexed
• Limits on Length of Stay	100 days/ benefit period	150 days/yr.	150 days/yr.	days/yr.	150 days/yr.	150 days/yr.
• Must be hospitalized before entering SNF	Yes	No	No	No	No	No
Hospice-Limits on Length of Stay	210 days—lifetime maximum	No limits	No limits	No limits	No limits	No limits
Custodial Nursing Home Care	No	No	No	No	No	No
Catastrophic and Prescription Drug Premium (tax surcharge)						
Amt./$150 income tax	NA	$22.50	$37.50	$39.00	$40.50	$42.00
which equals % of income tax	NA	15%	25%	26%	27%	28%
Max. indiv./family per year	NA	$800/$1600	$850/$1700	$900/$1800	$950/$1900	$1050/$2100
PART B—MEDICAL SERVICES						
• Existing Premium	$24.80	Indexed	Indexed	Indexed	Indexed	Indexed
• Additional Premium	NA	$4.00	$4.90	$7.36	$9.20	$10.20
• Deductible	$75	$75	$75	$75	$75	$75
• Coinsurance	20%	20%	20%	20%	20%	20%
Out-of-Pocket Maximum	No limit	No limit	$1370[1]	Indexed	Indexed	Indexed
Respite Care (for caregivers) —only available after drug deductible or out-of-pocket maximum met	NA	NA	80 hrs. assistance	80 hrs. assistance	80 hrs. assistance	80 hrs. assistance
Prescription Drugs (outpatient)	None[2]	None[2]	None[2]	All	All	All
• Deductible	NA	NA	NA[2]	$600	$652	Indexed
• Coinsurance	NA[2]	NA[2]	NA[2]	50%	40%	20%

NA — Not Applicable

1 $1370 out-of-pocket includes $75 Part B deductible, 3 pint blood deductible and 20% coinsurance.

2 In 1988 and 1989 there is no drug coverage except for immunosuppressive (IS) drugs during the first year of an organ transplant. There is no deductible and coinsurance is 20%. Beginning in 1990, IS drug coverage is expanded to include drugs after the first year of transplant and coverage begins for home intravenous (IV) drugs. In 1990, there is a $550 deductible and coinsurance is as follows: IV and first year IS drugs—20%, later years IS drugs—50%. Coinsurance for IV and first year IS drugs remain at 20%. Coinsurance for IS drugs in years after the transplant reduces in accordance with the chart.

OTHER MINOR CHANGES

Home Health Services—Coverage is unlimited but must be on an intermittent basis. Currently treatment of 5 or more days per week is not considered intermittent if it lasts more than 2 or 3 weeks. Effective 1/1/90, coverage may be provided 7 days per week for up to 38 consecutive days and still be considered intermittent.

Mammography Screening—Effective 1/1/90, limited coverage of mammography screening will be covered for elderly and disabled Medicare beneficiaries.

Christian Science Sanatorium Nursing Services—Effective 1/1/89, coverage is increased from 30 days per benefit period to 45 days per year subject to the daily skilled nursing facility coinsurance.

Blood Deductible—Effective 1/1/89, any blood deductible satisfied under Part B will reduce the blood requirements under Part A.

Emergency Hospital Services—Effective 1/1/89, coverage for emergency hospital services in non-participating hospitals is increased from 60% to 80% for routine services and 80% to 100% for ancillary services.

paying the prescription drug deductible. If they do not already do so, some employers may elect to pay retirees' Part B premiums. And employers may choose to address another catastrophic need of the elderly—long-term care.

Plan for the future

The Medicare Catastrophic Protection Act has altered the future scope and structure of retiree health benefits. Because of the new and expanded benefits Medicare will provide, the health-care needs of employers' Medicare-eligible retirees have changed. As a result, there is an opportunity to re-examine and redesign health benefit packages to meet both commpany benefit goals and retirees' needs.

A comprehensive review of plan design is necessary for three reasons. First, employers must identify where current coverage duplicates the expanded Medicare coverage. Second, employers who reimburse retirees for Part B premiums must decide by January 1989 whether or not to pay the additional $4 month Part B premium. And third, employers must develop and implement a clear communications program to inform retirees of the changes and ensure a smooth transition from one benefit package to another.

In time, Medicare beneficiaries may realize that the expansion of Medicare does not provide the comprehensive coverage they originally envisioned. However, employers can take advantage of the opportunity to redesign retiree health plans to meet the changing needs of their Medicare-eligible retirees. □

The Medicare Catastrophic Protection Act has altered the future scope of retiree health benefits. Because of the new and expanded benefits Medicare will provide, the health-care needs of employers' Medicare-eligible retirees have changed.

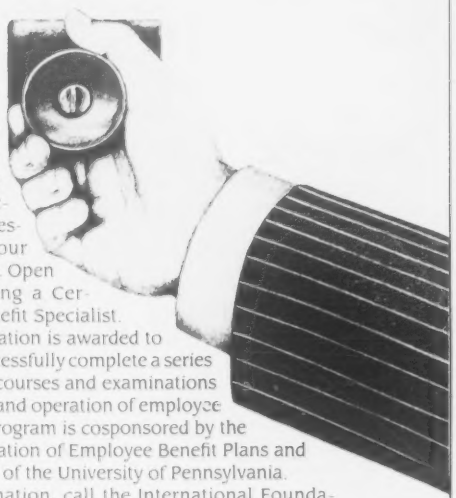
Dr. Cynthia K. Hosay is vice president and director of health services for the Martin E. Segal Co. in New York. Dr. Hosay holds a B.A., M.A. and Doctor of Arts degree in French literature from the University of Michigan and a M.A. and Ph.D. in community health from New York University.

Next Month In PENSION WORLD

The January issue of PENSION WORLD, which will contain an industry outlook on the stock and bond market in 1989, will feature articles on several key investment and employee-benefit topics, including:

- How automation can help real estate managers increase their operating efficiency.
- A profile on a real estate investment manager.
- A report on how absenteeism can affect a company's bottom line.

CEBS
Opens Doors



Expertise is the key to job performance. It instills a sense of confidence and can lead to a promotion or professional recognition. A CEBS designation can be your key to that expertise. Open doors—by becoming a Certified Employee Benefit Specialist.

The CEBS designation is awarded to individuals who successfully complete a series of ten college level courses and examinations covering the design and operation of employee benefit plans. The program is cosponsored by the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania.

For more information, call the International Foundation at (414) 786-6700 and ask for the CEBS department, or write us at P.O. Box 69, Brookfield, WI 53008-0069.

CEBS